

ANNUAL REPORT



CONTAINER CORPORATION OF AMERICA

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CORPORATION FILE

CHICAGO, ILLINOIS

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CONTAINER CORPORATION OF AMERICA
38 SOUTH DEARBORN STREET, CHICAGO 3, ILLINOIS

DIRECTORS JOHN E. BIERWIRTH, New York, New York
HENRY B. CLARK, San Diego, California
WESLEY M. DIXON, Chicago, Illinois
JOHN L. DOLE, Chicago, Illinois
GAYLORD A. FREEMAN, JR., Chicago, Illinois
ALBERT H. GORDON, New York, New York
RICHARD G. IVEY, London, Ontario, Canada
WALTER P. PAEPCKE, Chicago, Illinois
JOHN V. SPACHNER, Chicago, Illinois

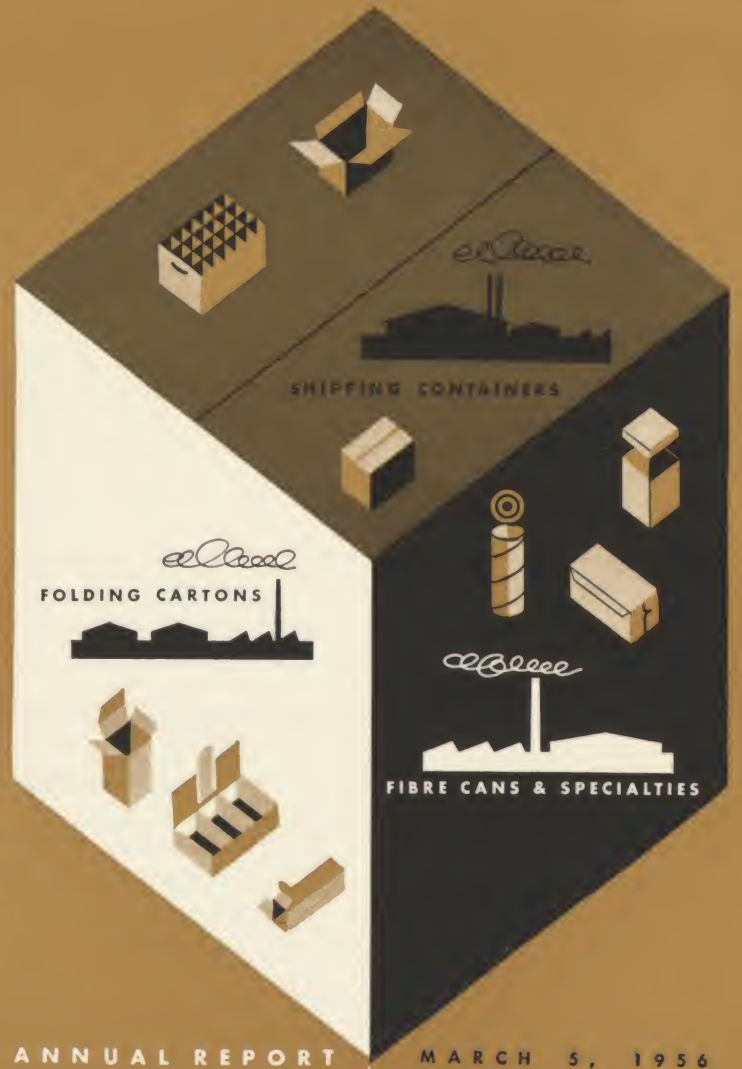
EXECUTIVE COMMITTEE JOHN E. BIERWIRTH RICHARD G. IVEY
WESLEY M. DIXON WALTER P. PAEPCKE
ALBERT H. GORDON

OFFICERS Chairman of the Board, WALTER P. PAEPCKE
President, WESLEY M. DIXON
Executive Vice President, JOHN V. SPACHNER
Senior Vice President, DONALD H. BREWER
Senior Vice President, LEO H. SCHOENHOFEN
Vice President, LAURENCE A. COMBS
Vice President, FREDERICK S. CRYSLER
Vice President, LAURENCE T. MCCURDY
Vice President, BALFOUR PHELAN
Vice President, JOHN G. ROBINSON
Vice President, FRANK J. SAUER
Vice President, RALPH E. WHITE
Vice President and Controller, CARL M. BLUMENSCHEN
Treasurer, PAUL W. GUENZEL
Secretary, EARL A. WAGONSELLER

TRANSFER AGENTS CONTAINER CORPORATION OF AMERICA, Chicago, Illinois
CITY BANK FARMERS TRUST COMPANY, New York, New York

REGISTRARS CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, Chicago, Illinois
THE NEW YORK TRUST COMPANY, New York, New York

MAKING PAPERBOARD



ANNUAL REPORT

MARCH 5, 1956

A GLANCE AT THE LAST FIVE YEARS

	1955	1954	1953	1952	1951
Sales	\$ 215 554 921	\$ 186 595 052	\$ 187 552 652	\$ 178 408 152	\$ 212 562 019
Tons shipped	935 818	812 583	853 139	833 536	914 861
Earnings	\$ 15 703 399	\$ 13 604 232	\$ 10 127 948	\$ 10 282 948	\$ 12 065 997
per common share	\$ 6.09	\$ 5.31	\$ 3.94	\$ 4.01	\$ 4.73
return on shareholders'					
investment	17.6%	16.6%	13.0%	14.0%	17.8%
Dividends paid and declared..	\$ 7 824 363	\$ 6 569 098	\$ 5 806 407	\$ 5 813 447	\$ 5 813 657
per cent of earnings	50%	48%	57%	57%	48%
preferred (per share)	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
common (per share)	\$ 3.00	\$ 2.50	\$ 2.20	\$ 2.20	\$ 2.20
Earnings retained for require-					
ments of the business	\$ 7 879 036	\$ 7 035 134	\$ 4 321 541	\$ 4 469 501	\$ 6 252 340
Depreciation	\$ 4 629 329	\$ 4 109 753	\$ 3 930 557	\$ 3 668 041	\$ 3 543 809
Factory and paper mill addi-					
tions and improvements	\$ 7 819 168	\$ 8 713 319	\$ 3 947 614	\$ 5 475 585	\$ 6 984 301
Working capital (current assets					
less current liabilities)	\$ 34 977 165	\$ 24 560 201	\$ 27 860 806	\$ 28 848 239	\$ 24 643 414
Taxes (Federal, state, and local)	\$ 20 267 839	\$ 18 329 045	\$ 20 764 350	\$ 22 742 572	\$ 27 868 542
per common share	\$ 8.03	\$ 7.34	\$ 8.38	\$ 9.18	\$ 11.26
Hourly wages paid	\$ 43 792 049	\$ 38 838 204	\$ 38 138 310	\$ 34 379 418	\$ 35 335 515
Shareholders' investment	\$ 98 732 315	\$ 89 382 206	\$ 81 740 230	\$ 77 719 229	\$ 73 553 898
Shareholders' investment per					
employee	\$ 7 716	\$ 7 275	\$ 7 052	\$ 6 498	\$ 6 241

**CONTAINER CORPORATION OF AMERICA
AND SUBSIDIARY COMPANIES
CHICAGO, ILLINOIS, MARCH 5, 1956**

TO THE SHAREHOLDERS AND EMPLOYEES

The year 1955 was generally favorable to those engaged in business throughout the United States, either as shareholders with financial investments or workers in the factories or in the offices contributing their physical and mental efforts.

Correspondingly, Container's shareholders received \$7,824,363 dividends, the highest on record and 19% greater than in the previous year. Employees of the Company, both hourly and salaried, were paid \$63,731,563, again the highest in the Corporation's history and 13% greater than in the previous year.

FINANCIAL REVIEW

Consolidated sales were \$215,554,921, an increase of 15.5% over 1954 and 1.4% over the previous all-time high of \$212,562,019 in 1951. Similarly, units shipped exceeded those of the previous year by 15.2% and of 1951 by 2.3%. Earnings of \$15,703,399 exceeded the \$13,604,232 of last year by 15.4% and 1951's earnings of \$12,065,997 (the previous highest year) by 30.1%. In each of the above mentioned instances, the earnings are stated after all charges, including provisions for depreciation and for Federal, state, and local taxes, but exclusive of profits, other

than dividends received, of not wholly owned foreign or domestic subsidiaries, such as The Mengel Company or any of the foreign operating companies in which Container has investments either directly or through Carton Internacional S. A.

After provision for Preferred dividends, the net earnings of your Company were \$6.09 on each of 2,522,451 outstanding shares of Common stock, compared with \$5.31 a share on 2,495,785 shares outstanding at the end of 1954. The percentage return on the shareholders' investment was 17.6% compared with 16.6% in 1954.

Including its participation in 65% of Mengel earnings, less dividends received, Container's per share earnings rise to \$6.37; and including its participation in profits of foreign companies of \$1,010,760, the earnings would be \$6.69 per share.

Volume was greater in the second half of the year, as indicated by the fact that 47.4% of the sales were produced in the first six months and 52.6% in the second six months.

Federal income taxes amounted to \$16,970,000, or \$6.73 a share, compared with \$15,400,000, or \$6.17 per share in 1954.

Quarterly earnings per share on the outstanding Common stock were:

1st Quarter.....	\$ 1.37
2nd Quarter.....	1.59
3rd Quarter.....	1.49
4th Quarter.....	1.64*
	<u>\$ 6.09</u>

*The fourth quarter earnings include \$.26 per share representing year end adjustments.

The record of dividends paid in 1955 was:

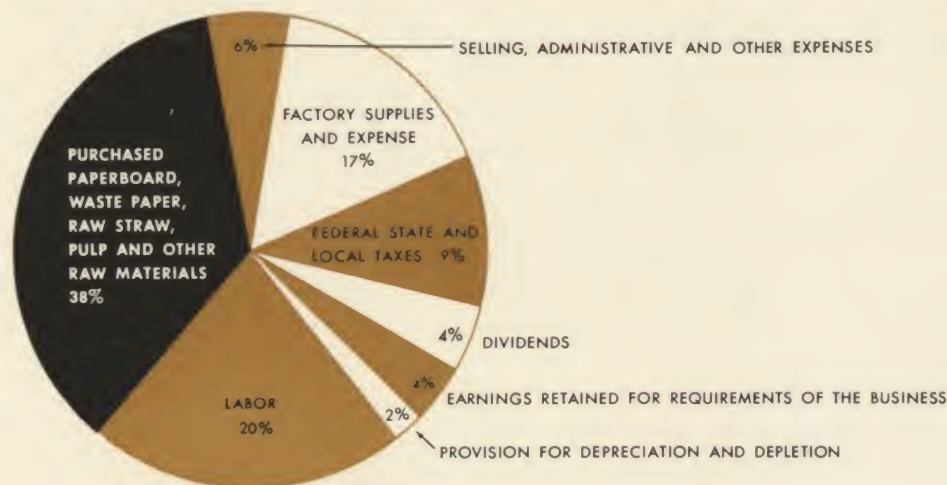
Preferred Stock	
March 1.....	\$ 1.00
June 1.....	1.00
September 1.....	1.00
December 1.....	1.00
Common Stock	
February 21.....	\$.75
May 20.....	.75
August 20.....	.75
November 21.....	.75

Provision for depreciation at the regular rates was \$4,536,859, an increase of 11.6% over the \$4,066,605 of the previous year. Timber depletion was \$92,470; 67% of the company's pulpwood requirements were purchased on the open market; 24% were obtained from long-term leases and cutting rights; and 9% were cut from the company's owned timberlands. Estimated growth of the Company's timber was about two and one half times greater than the 9% cut.

Selling, administrative, and general expenses amounting to \$15,346,286 exceeded those of the previous year by \$2,427,166. The percentage of administrative and selling expense to 1955 sales was 7.1%, compared with 6.9% for the previous year.

Repair and maintenance charges of \$10,678,596 compares with \$10,106,010 in 1954; the moderate increase reflects higher labor and material costs and the larger number of properties which had to be maintained.

The Company's sales dollars are analyzed in the following diagram and tabulation:



	1955		1954	
Sales.....	\$ 215 554 921	100%	\$ 186 595 052	100%
Purchased paperboard, waste paper, raw straw, pulp and other raw materials.....	\$ 81 301 454	38%	\$ 67 679 377	36%
Labor.....	43 792 049	20	38 838 204	21
Factory supplies and expense.....	36 069 526	17	32 431 188	17
Provision for depreciation and depletion.....	4 629 329	2	4 109 753	2
Selling, administrative, and other expenses.....	13 791 325	6	11 603 253	6
Federal, state, and local taxes.....	20 267 839	9	18 329 045	10
Dividends.....	7 824 363	4	6 569 098	4
Earnings retained for requirements of the business	<u>7 879 036</u>	<u>4</u>	<u>7 035 134</u>	<u>4</u>

A three year summary of operating results follows:

	1955	1954	1953
Sales.....	\$ 215 554 921	\$ 186 595 052	\$ 187 552 652
Earnings before Federal taxes on income.....	\$ 32 673 399	\$ 29 004 232	\$ 28 172 948
Provision for Federal income and excess profits taxes...	16 970 000	15 400 000	18 045 000
Net earnings for the year.....	\$ 15 703 399	\$ 13 604 232	\$ 10 127 948

WORKING CAPITAL

Net working capital increased \$10,416,964, of which \$9,490,000 was accounted for by the allocation of proceeds from the \$35,000,000 Debenture issue. The remaining \$25,000,000 of the proceeds are listed on the balance sheet as Cash and U. S. Securities for Additions and Improvements and are not included in current assets and therefore did not affect working capital. The rest of the increase in working capital, namely \$926,964, was derived from the year's operations. There were reasonably substantial increases in accounts and notes receivable and in inventories. These reflect the Company's expanded volume of business. In the first quarter of the year 1955 a substantial addition was made to the investment in The Mengel Company; during the balance of the year, no significant additional purchases occurred. Additional investments in and advances to foreign subsidiaries amounted to \$1,645,464.

Improvements in and additions to plants and equipment, including construction in progress, aggregated \$7,819,168.

On December 1, 1955, 26,666 shares of Common stock were used to acquire all the capital stock of the Wayne Paper Box and Printing Corporation of Fort Wayne, Indiana. This Company, under the able leadership of its continuing president, Mr. Ermin P. Ruf, and his associates, has had a steady record of growth and earnings over many years. It has been a good customer of Container's for a long period of time, having purchased boxboard from several of the Company's mills, which Wayne converts into high quality folding and set-up boxes.

Important additional capital expenditures were approved by the Board of Directors during the year which will be made in 1956 and 1957 and which are described in more detail later in this report.

You will note that sufficient U. S. Government securities are on hand to offset all provisions for Federal taxes.

CAPITALIZATION. The outstanding Common stock of the Company is 26,666 shares greater than a year ago, as a result of the Wayne Paper Box acquisition. Recently 3,000 shares of the preferred stock were called for redemption for 1955 sinking fund requirements in compliance with the provisions of the charter amendment under which the preferred stock was issued. There are in the Treasury 898 shares which are available for future sinking fund requirements. This 4% Preferred stock sold in 1947 in the amount of \$10,000,000 has now been reduced by sinking fund operations to \$8,200,000.

A \$35,000,000 issue of 3.3% Debentures was sold through a group of underwriters on August 4. These Debentures require no sinking fund payment until 1961; from then on a minimum sum of \$1,400,000 per year is payable until 1980 when the unpaid balance becomes due and payable. Of the proceeds only \$9,490,000 was added to working capital and the balance of \$25,000,000 was earmarked as Cash and U. S. Securities for Additions and Improvements. It is becoming increasingly clear that needed capital expenditures of a major nature for improvements, additions, or expansions cannot be financed out of retained earnings by most industrial concerns at the present time. Yet the opportunities for increased profit through improved or expanded operations are good. At the same time shareholders are entitled to a reasonable annual dividend payment. Consequently, the time seemed propitious, because of favorable interest rates, to engage in long-term financing so as to provide funds for improvements and expansions without materially restricting dividend payments.

An application of funds statement follows:

Funds were provided from the following sources:

Earnings for the year.....	\$ 15 703 399	
Expense items which did not require cash expenditures—		
Provision for depreciation(includes depletion of \$92,470)	4 629 329	\$ 20 332 728
Sale of 3.3% Sinking Fund Debentures		35 000 000
Common stock issued for Wayne Paper Box and Printing Corporation.....		1 770 622
Total funds provided.....		\$ 57 103 350

Funds were expended or segregated for the following:

Increase in funds set aside for improvements.....	\$ 23 681 761	
Dividends—		
4% Cumulative preferred stock.....	\$ 337 008	
Common stock	7 497 355	7 824 363
Plant and equipment—		
Additions and improvements.....	\$ 7 819 168	
Less net book value of sales and retirements	601 667	7 217 501
Increase in investments and advances—		
The Mengel Company.....	\$ 3 459 976	
Other subsidiaries not consolidated.....	3 416 086	
Other.....	255 530	7 131 592
Increase in preferred stock sinking fund.....	299 550	
Increase in deferred charges.....	531 619	46 686 386
Resulting in an increase in working capital of.....		\$ 10 416 964

WORKING CAPITAL. The tabulation below sets forth the changes in working capital:

CURRENT ASSETS:	December 31		Increase or Decrease
	1955	1954	
Cash.....	\$ 7 033 941	\$ 9 028 557	\$ 1 994 616
U. S. Government securities.....	9 821 524	1 750 099	8 071 425
Accounts receivable.....	10 863 727	8 941 532	1 922 195
Inventories.....	17 344 803	13 790 287	3 554 516
Total current assets.....	\$ 45 063 995	\$ 33 510 475	\$ 11 553 520
CURRENT LIABILITIES:			
Accounts payable.....	\$ 2 730 055	\$ 2 389 886	\$ 340 169
Accrued liabilities.....	6 836 892	6 010 055	826 837
Provision for Federal taxes on income.....	*	*	—
Sinking fund payments due within a year.....	519 883	550 333	30 450
Total current liabilities.....	\$ 10 086 830	\$ 8 950 274	\$ 1 136 556
Net working capital.....	\$ 34 977 165	\$ 24 560 201	\$ 10 416 964
Current ratio.....	4.47 to 1	3.74 to 1	
*Provision for Federal taxes on income	\$ 17 238 353	\$ 16 935 190	
Less U. S. Government Securities.....	17 238 353	16 935 190	



Above, corrugated shipping container plant at Los Angeles and below, folding carton plant at Santa Clara, California.





Corrugated shipping containers made in various factories of the Company.

EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS (EARNED SURPLUS). The \$15,703,399 earnings for the year were again credited to this account. Preferred and Common dividends in an aggregate of \$7,824,363 were charged against this account and the difference of \$7,879,036 remained as an addition to the earned surplus account.

SHAREHOLDERS. At the close of the year, the individual shareholders, exclusive of brokers, institutions, and corporations, numbered 11,596. The largest individual or corporate shareholder owned 3% of your Company's outstanding Common shares. Approximately half of the shares are owned by shareholders of 500 or less shares. Citizens in every one of the 48 states of the United States and of 17 foreign countries are represented among the shareholders.

OPERATIONS

CAPITAL EXPENDITURES. As before mentioned, capital expenditures for additions and improvements were \$7,819,168. The major portion of these expenditures was in connection with fabricating and converting machinery and equipment; the next largest portion is represented by paper mill and power plant expenditures; the balance was accounted for by expenditures for buildings, autos and trucks, construction in progress, leasehold improvements, and land and timberland. The Jeffersonville, Indiana fibre can property was completed and brought into operation during the year.

Some very important, substantial, and far-reaching capital expenditures were approved during the year which should add significantly to the earning power of your Company when completed and operating smoothly within the next two to three years.

The largest and most important project was a 300 ton a day bleached sulphate pulp and board mill at Brewton, Alabama. Your Company is presently using about 80,000 tons of bleached sulphate board and pulp per annum. It is believed that the sharp annual increase in the use of this material will continue for many years to come. By the time this new mill is finished, your Company will in all probability absorb the entire output of this mill and still purchase a substantial tonnage from other suppliers. The cost of the new mill is estimated, inclusive of working capital, mill site, and some timber, at approximately \$29,000,000. Brewton is situated in the heart of a

fast-growing heavily-timbered area. Long-time contractual arrangements are being made with timber owners in the area to supply pulpwood for this mill. Its completion date is set for two years from now. It should be the finest and most modern mill of its kind in the country.

A new seven cylinder boxboard mill will be built at Santa Clara, California. This will have a daily capacity of 150 tons. It will cost in excess of \$6,000,000. It will be completed within two years. Its product will provide high quality, low cost material for the expanding fabricating facilities of the Company's West Coast business.

A new corrugated container factory to be built in the Chicago, Illinois area was also approved by the Board of Directors. This should be completed in late 1957. It will supply corrugated containers, in addition to those produced by the Ogden Avenue factory, to the Company's many old and new customers whose business is expanding and whose demand for containers is increasing.

Another new folding carton factory has been approved for the Seattle territory. The present Seattle

Solid Fibre shipping containers.





Corrugated shipping containers made in various factories of the Company.

factory houses both a corrugated and a folding carton operation, for which the present floor space is no longer adequate. When the new building is completed, the folding carton division will move from its present quarters into the new, where it will have more space and at the same time leave the entire operating area of the former building for the corrugated container division. This expenditure will involve over \$1,000,000. Completion date is estimated to be in early 1957.

A substantial number of smaller expenditures were made or approved for the immediate future in your Company's paper mills, shipping container, folding carton, and fibre can plants.

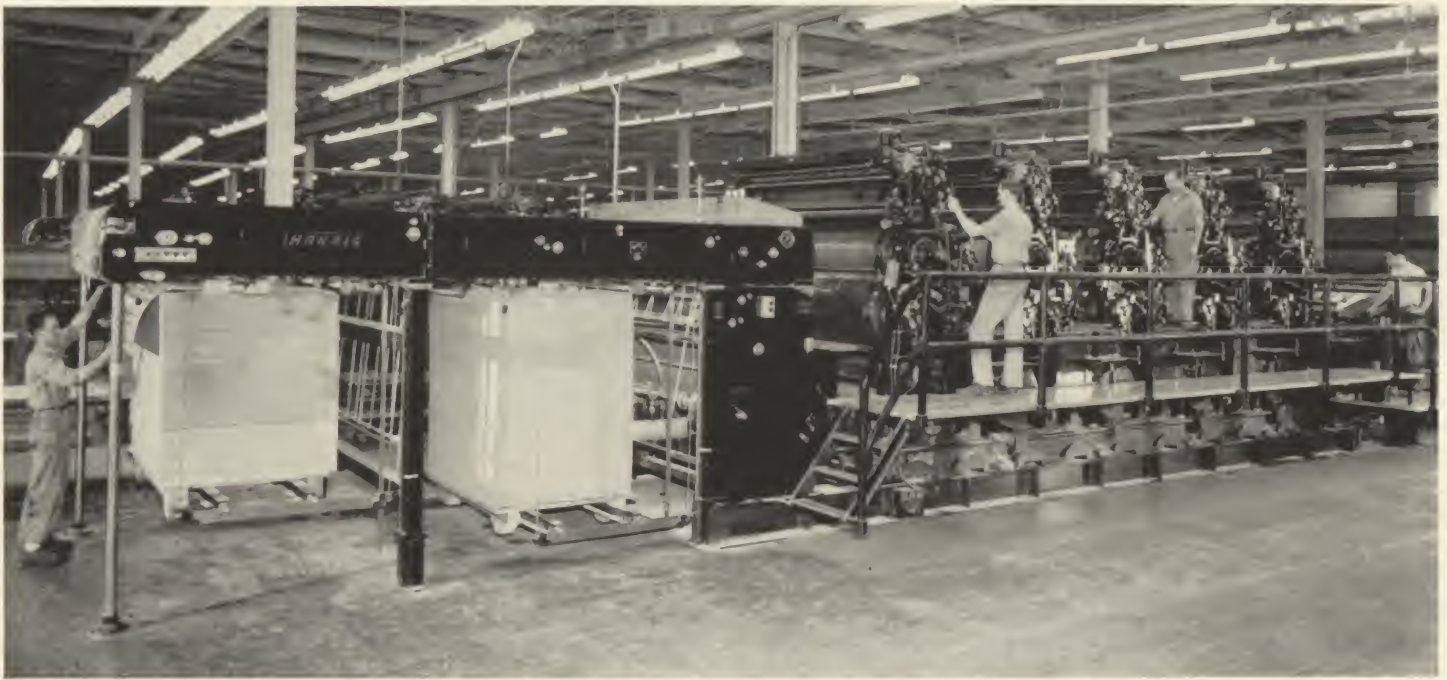
On December 31, 1955, the unexpended approved capital appropriations were \$51,184,459.

During the year two formerly shut-down machines for making corrugating medium at Noblesville, Indiana were put back into operation, and also one of the two machine units at Cincinnati. Both of these non-operating properties were sustaining losses because of taxes, insurance, watchman services and similar expenses. Now that they are back on the line these properties are contributing monthly profits.

PRODUCTION. The tons of paperboard produced in your Company's mills and the tons of finished product shipped are given in the following table covering the last ten years:

	Tons Produced in Mills	Tons Finished Product Shipped
1946.....	558 621	624 126
1947.....	589 780	675 583
1948.....	617 936	725 798
1949.....	556 854	673 038
1950.....	693 960	863 888
1951.....	745 246	914 861
1952.....	685 886	833 536
1953.....	701 960	853 139
1954.....	707 101	812 583
1955.....	793 587	935 818

As in the past, tons of finished product are greater than tons produced in the mills because of the substantial amount of outside purchases made to fill the requirements of the converting box factories.



Five color offset printing press at the folding carton factory, Valley Forge, Pennsylvania.

REFORESTATION. At the year's close, your Company owned in fee simple and had timber cutting rights and long term leases on a combined total of 215,000 acres. In addition, The Mengel Company controls some 87,000 acres of timberland. In both cases the timber is situated in northern Florida and southern Georgia. This is exclusive of long term pulpwood purchase contracts in and around Brewton, Alabama.

During the excessively dry period in the early part of 1955 many forest fires occurred in the Florida and Georgia area. However, due to excellent fire control provisions and equipment and the intelligent alertness of its Forestry Department, your Company suffered no significant loss of timber through fire—contrary to the less fortunate experiences of so many other private and corporate timber holders in the area.



Types of display and carry-out folding cartons designed especially for the packaging of beverages.

Again, approximately 4,000,000 pine seedlings were purchased and given to 4-H Clubs, Future Farmers of America, and individual wood growing farmers living in the general neighborhood of the Fernandina mill; some of the seedlings were planted on the Company's own lands. There has been a further increase of timber reserves of the Company because it has been adding to its timberland control through purchases and long term leases; it is cutting an insignificantly small amount of its requirements, which are mainly purchased from others; and finally, the continued policy of giving away and planting seedlings is gradually increasing the supply of pulpwood available for use in its mill. Some of the seedlings originally planted some sixteen years ago are about large enough now to be cut if needed.

SALES

Consolidated sales for 1955 were \$215,554,921 compared with \$186,595,052 for the previous year. Including the sales of The Mengel Company, the sales volume for 1955 was \$258,463,036 and for 1954, \$225,227,065. The Mengel Company's sales in its corrugated and paper division amounted to \$21,825,000, compared with \$17,673,000 for the

previous year. The following table gives the dollar amount and percentage of fabricated products of total sales, excluding Mengel:

Corrugated and solid fibre shipping containers . . .	\$ 102 430 465	47%
Folding cartons, fibre cans and flexible packages . . .	74 858 475	35
Total fabricated products .	\$ 177 288 940	82%
Paperboard, pulp and waste paper	38 265 981	18
Total sales	\$ 215 554 921	100%

The emphasis on attractive multicolored designs on folding cartons and flexible packages continues because of the keen competition for product identification on the shelves and counters of the self-service super markets. The growth in the use of such packaging has been in the whole broad field of retailing and especially for food products and beverages. Increasing sales of beverage carry-outs, precooked frozen meals and specialty foods, such as fish sticks, meat pies, and other prepared foods, as well as ice



Large folding cartons with colorful designs produced in the factories of the Company.



Folding cartons made from special white food board of the type to be produced by the new Brewton, Alabama mill.

cream, butter, and margarine, has accelerated the demand for cartons made from special white food board. (This is the type of paperboard which the new Brewton mill will produce.)

Further progress has been made in the design and sale of shipping containers for heavy appliances, among them drinking fountains, steel office furniture, and storage batteries.

Interesting experimentations are under way for the use of corrugated paperboard forms for pouring concrete in building construction.

Additional progress in further development of containers for fresh fruit and vegetables took place. In addition to those used for the major crops such as lettuce, citrus fruit, tomatoes, and apples, others have been designed and sold for peaches, cucumbers, peppers, strawberries, and blueberries.

Display stands and other successful point-of-purchase merchandising devices have been produced for commodities as varied as frozen food, detergents, soft drinks, and lawn mowers. Made of corrugated board, they are examples of the fine multicolor printing which is also in demand for both corrugated and solid fibre containers. It is not generally appreciated that your Company is probably the largest industrial printer in the world, exclusive of newspaper, magazine, and book printing. Almost every paperboard package sold requires some printing. The Company owns and operates over 200 multicolor printing presses of all types and kinds in its domestic business.

In 1955 the Company received seventeen awards

in the national competitions for the best designs in folding cartons and shipping containers.

Over 3,000 copies of the Color Harmony Manual issued by the Company are now in use by manufacturers, schools, and individuals, both in this country and in 36 foreign countries.

This system of color standards is extensively used in the selection and control of color by producers of paint, ink, textiles, foods, cartons and containers, household appliances, pottery, plastics, and many other commodities.

INDUSTRY CONDITIONS

The paperboard industry as a whole operated at 96% of capacity in 1955. It produced 14,013,251 tons, which is an all time record. The solid fibre and corrugated container industry increased its units by 14.7% over the previous year. The folding carton industry achieved a 5.3% increase.

SUBSIDIARY AND AFFILIATED COMPANIES

Four wholly owned domestic subsidiaries are included in the consolidated profit and loss and balance sheet accounts, as follows:

O. B. Andrews Company
California Container Corporation
Pioneer Paper Stock Company
Sefton Fibre Can Company

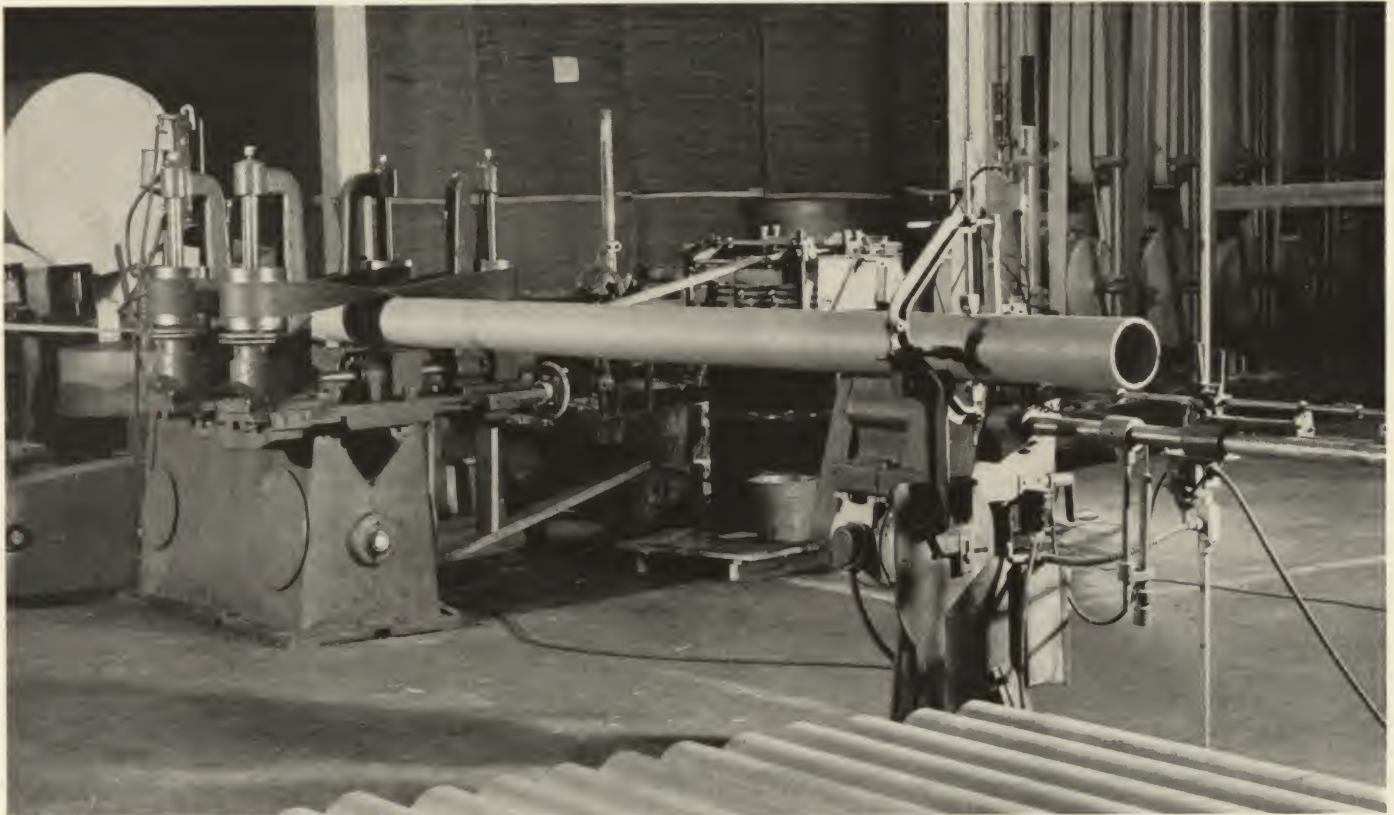
At the end of the year, the O. B. Andrews Company was liquidated as a subsidiary and absorbed into the parent Company.



During the year Europa Carton A. G. was formed in Hamburg, Germany, with an initial capital of 4,000,000 marks (about \$1,000,000). Three-fourths of these funds were supplied by Container Corporation and one-fourth by Canadian interests. A very modern and well equipped folding carton plant at Hamburg was acquired; also a good corrugated container factory at Düsseldorf. A careful survey had previously been made by a number of Container's people. Toward the end of the year \$6,126,000 was approved for the erection of a 110-ton a day paper-board mill, its needed working capital, and for some

other possible acquisitions, by purchase or lease. As of January 1, 1956, the Alkor three-machine paper mill in Alling, Bavaria was leased, with option to purchase. Consequently, three properties are now in operation in West Germany and the new paper-board machine has been ordered and will be completed, probably within two years.

The proportion of Container's foreign investments and advances was 3.3% of its total assets as of December 31, but including the additional approvals mentioned above the percentage becomes 7.2%.



Core-making machine at the Sefton Fibre Can Company plant in Portland, Oregon.



Paperboard packages with metal ends produced by Sefton Fibre Can Company.

EMPLOYEE RELATIONS

Labor relations continued generally satisfactory during the year. Wage increases were granted in practically every property. Your Company employs 12,796 men and women in its factories and offices throughout the country, excluding 241 employees serving in the armed forces to each of whom a check was sent as a Christmas remembrance.

SAFETY. Eight plants operated throughout the year without a lost time accident: however, the overall safety performance of the Company was not as favorable as in the previous year.

National Safety Council Awards of Merit were made to the Chattanooga Folding Carton plant for operating 2,000,000 man hours without a lost time injury and to the Los Angeles Boyle Avenue plant for operating 1,000,000 man hours without a lost time injury.

RETIREMENT ANNUITY PLAN. At the end of the year, participation in your Company's retirement annuity plan in effect since January 1, 1941 was 89% of those employees eligible. Combined employee and Company contributions for the year 1955 aggregated \$3,497,698; of this amount the employees contributed \$1,399,079 and the Company \$2,098,619. Contributions by and on account of executive officers were 1.7%, while 98.3% was contributed by and on account of all other employees. Since the retirement annuity plan has been in effect, 348 employees have received annuities thereunder, and as of the end of the year, 290 employees were currently receiving annuity payments.

MANAGEMENT PROFIT SHARING PLAN. Under this plan, approved at the Annual Shareholders' meeting in 1940, a total of \$4,161,893 could have been paid for the year 1955. However, the non-participating Directors responsible for the final determination of payments under the plan concluded that the amount to be distributed should be limited to \$548,000, compared with \$480,400 for the previous year. Distributions authorized were as follows: 15.5% to the Chairman of the Board, 8.2% to the President, 7.3% to the Executive Vice Presi-

The Annual Meeting of the shareholders will be held on Wednesday, April 11, 1956. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 16, 1956, at which time proxies will be requested by the management.

dent, 32.6% to the ten Vice Presidents, and 36.4% to other salaried employees, including the Secretary and the Treasurer.

CONTAINER COMMON STOCK BONUS PLAN. Company contributions to the Common Stock Plan in 1955 amounted to \$1,024,206. There were at the end of the year 1,311 employee members. The Fund owned 76,515 shares or 3% of the total outstanding Common stock of the Company.

GENERAL

THE CONCORA FOUNDATION. The Foundation was established in August of 1951 as a non-profit corporation to aid national and civic, educational and other eleemosynary institutions. During 1955 the grants were divided as follows: 44% to national and civic, 47% to educational, and 9% to all other eleemosynary institutions.

ORGANIZATION

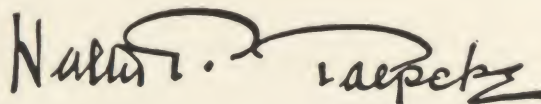
During the year, two promotions were made in the officer group.

On April 13, Ralph E. White, a member of the organization since 1923, and more recently Division General Manager of container factories with headquarters in Anderson, Indiana, was elected a Vice President and assigned expanded responsibilities as Division General Manager of containerboard mills and container factories in the states of Indiana and Ohio.

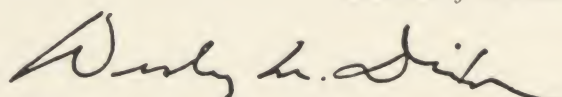
On June 9, Thomas F. Cass was elected Senior Vice President of California Container Corporation with headquarters in San Francisco. Mr. Cass had previously been Vice President in charge of board mills and folding carton operations on the West Coast. He has been with the company since 1939.

The appreciation of the Directors is extended to all members of the organization for their part in having made 1955 the best year in your Company's history.

Cordially,



Chairman of the Board



President

CONTAINER CORPORATION OF AMERICA

COMPARATIVE CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1955 AND 1954

ASSETS

		1955	1954
CURRENT ASSETS:			
Cash.....		\$ 7 033 941	\$ 9 028 557
U. S. Government securities.....		9 821 524	1 750 099
Receivables, less reserves.....		10 863 727	8 941 532
Inventories of finished goods, work in process, raw materials and supplies —priced at the lower of average cost or market.....		17 344 803	13 790 287
Total current assets.....		<u>\$ 45 063 995</u>	<u>\$ 33 510 475</u>
INVESTMENTS AND ADVANCES, at cost:			
Investment in The Mengel Company (see accompanying consolidated statements including The Mengel Company).....		\$ 11 987 924	\$ 8 527 948
Investments in and advances to other subsidiaries not consolidated (note 1)		6 516 086	3 100 000
Other.....		416 962	161 432
		<u>\$ 18 920 972</u>	<u>\$ 11 789 380</u>
CASH AND U. S. GOVERNMENT SECURITIES SET ASIDE FOR ADDITIONS AND IMPROVEMENTS.....			
		<u>\$ 25 000 000</u>	<u>\$ 1 318 239</u>
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):			
	Gross	Reserves	
Land and timberland less depletion.....	\$ 5 609 234	\$ —	\$ 5 609 234
Buildings.....	18 875 769	7 637 236	11 238 533
Machinery, equipment, etc.....	64 513 120	32 909 870	31 603 250
Leasehold and leasehold improvements.....	8 029 399	5 579 216	2 450 183
Pulp and paper mill in process.....	780 254	—	780 254
	<u>\$ 97 807 776</u>	<u>\$ 46 126 322</u>	<u>\$ 51 681 454</u>
			<u>\$ 49 093 281</u>
PREPAID AND DEFERRED CHARGES.....			
		<u>\$ 3 152 723</u>	<u>\$ 2 621 104</u>
GOODWILL AND PATENTS.....			
		<u>\$ 1</u>	<u>\$ 1</u>
		<u>\$ 143 819 145</u>	<u>\$ 98 332 480</u>

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable.....	\$ 2 730 055	\$ 2 389 886
Accrued liabilities.....	6 836 892	6 010 055
Sinking fund payable on preferred stock.....	519 883	550 333
Provision for Federal taxes on income.....	17 238 353	16 935 190
Less—U.S. Government securities to be applied in payment thereof..	17 238 353	16 935 190
Total current liabilities.....	\$ 10 086 830	\$ 8 950 274
3.30% SINKING FUND DEBENTURES DUE JULY 1, 1980.....	\$ 35 000 000	\$ —
CAPITAL:		
4% cumulative preferred stock, \$100 par value; authorized and issued 100,000 shares less 15,000 retired by sinking fund at December 31, 1955.	\$ 8 500 000	\$ 8 800 000
Common stock, \$10 par value; authorized 3,000,000 shares, 2,522,451 issued at December 31, 1955.....	25 224 510	24 957 850
Shareholders' investment in excess of par value (paid-in surplus).....	19 913 890	18 409 927
Earnings retained for requirements of the business (earned surplus) (note 2).....	45 701 598	37 822 562
Deduct—Par value of 4% cumulative preferred stock held in treasury and provision for sinking fund on preferred stock; 878 shares and \$519,883 at December 31, 1955.....	607 683	608 133
	\$ 98 732 315	\$ 89 382 206
	\$ 143 819 145	\$ 98 332 480

AND SUBSIDIARIES (EXCLUDING THE MENGEL COMPANY)

COMPARATIVE STATEMENTS OF CONSOLIDATED INCOME FOR THE YEARS ENDED DECEMBER 31, 1955 AND 1954

	1955	1954
NET SALES.....	\$ 215 554 921	\$ 186 595 052
COST OF SALES.....	168 812 245	145 808 593
Gross income from operations.....	\$ 46 742 676	\$ 40 786 459
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	15 346 286	12 919 120
Income from operations (after depreciation and depletion provision of \$4,629,329 in 1955 and \$4,109,753 in 1954)...	\$ 31 396 390	\$ 27 867 339
OTHER INCOME, net.....	1 277 009	1 136 893
Balance before taxes on income.....	\$ 32 673 399	\$ 29 004 232
PROVISION FOR FEDERAL TAXES ON INCOME.....	16 970 000	15 400 000
Net income for the year.....	\$ 15 703 399	\$ 13 604 232

STATEMENT OF CONSOLIDATED SHAREHOLDERS' INVESTMENT IN EXCESS OF PAR VALUE FOR THE YEAR ENDED DECEMBER 31, 1955 (PAID-IN SURPLUS)

BALANCE DECEMBER 31, 1954.....	\$ 18 409 927
ADD—Excess of fair value of investment in Wayne Paper Box and Printing Corporation over par value of 26,666 shares of common stock issued therefor.....	1 503 963
BALANCE DECEMBER 31, 1955.....	\$ 19 913 890

STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1955 (EARNED SURPLUS)

BALANCE DECEMBER 31, 1954.....	\$ 37 822 562
NET INCOME FOR THE YEAR.....	15 703 399
	\$ 53 525 961
CASH DIVIDENDS:	
Preferred stock (\$4.00 per share).....	\$ 337 008
Common stock (\$3.00 per share).....	7 487 355
	\$ 7 824 363
BALANCE DECEMBER 31, 1955 (note 2).....	\$ 45 701 598

NOTES: (1) Equity in net assets at December 31, 1955, and in undistributed profits for 1955, of other subsidiaries not consolidated, including the equity of a foreign subsidiary in associated foreign companies, was approximately \$9,200,000 and \$1,000,000, respectively.
(2) Under terms of the debenture indenture, approximately \$26,900,000 of the above earned surplus at December 31, 1955, was restricted as to dividends on and acquisitions of capital stock.

CONTAINER CORPORATION OF AMERICA

CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1955

ASSETS

CURRENT ASSETS:	
Cash.....	\$ 8 397 667
U. S. Government securities.....	9 821 524
Receivables, less reserves.....	14 634 476
Inventories of finished goods, work in process, raw materials and supplies—priced at the lower of average cost or market.....	23 521 692
Total current assets.....	\$ 56 375 359
INVESTMENTS AND ADVANCES, at cost:	
Investments in and advances to subsidiaries not consolidated (see note).....	\$ 6 516 086
Other investments (see note).....	541 962
	\$ 7 058 048
CASH AND U.S. GOVERNMENT SECURITIES SET ASIDE FOR ADDITIONS AND IMPROVEMENTS...	\$ 25 000 000
PLANT AND EQUIPMENT, at cost (including properties acquired for capital stock):	
Land and timberland less depletion.....	\$ 8 701 525
Buildings, machinery, equipment, leaseholds and improvements, etc.	109 288 928
Less—Reserves for depreciation.....	55 653 970
	\$ 62 336 483
PREPAID AND DEFERRED CHARGES	\$ 3 713 003
GOODWILL AND PATENTS	\$ 1
	\$ 154 482 894

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable.....	\$ 3 589 592
Accrued liabilities.....	7 572 419
Sinking fund payable on preferred stock and current portion of long-term debt	669 883
Provision for Federal taxes on income.....	19 115 484
Less—U.S. Government securities to be applied in payment thereof.....	18 537 046
Total current liabilities.....	\$ 12 410 332
LONG-TERM DEBT:	
3.30% sinking fund debentures due July 1, 1980.....	\$ 35 000 000
Notes of The Mengel Company (noncurrent portion).....	850 000
	\$ 35 850 000
MINORITY INTEREST IN THE MENGEL COMPANY.....	\$ 6 782 155
CAPITAL (see accompanying financial statements excluding The Mengel Company):	
4% cumulative preferred stock.....	\$ 8 500 000
Common stock	25 224 510
Shareholders' investment in excess of par value (paid-in surplus).....	19 913 890
Earnings retained for requirements of the business (earned surplus) (see note)	46 409 690
Deduct—Par value of preferred stock held in treasury and provision for sinking fund on preferred stock.....	607 683
	\$ 99 440 407
	\$ 154 482 894

AND SUBSIDIARIES (INCLUDING THE MENGEL COMPANY)

STATEMENT OF CONSOLIDATED INCOME FOR THE YEAR ENDED DECEMBER 31, 1955

NET SALES.....	\$ 258 463 036
BALANCE OF INCOME BEFORE DEDUCTING TAXES ON INCOME AND MINORITY INTEREST (after depreciation and depletion provision of \$5,686,373)	\$ 35 617 596
PROVISION FOR FEDERAL TAXES ON INCOME.....	18 600 000
Balance before deducting minority interest.....	\$ 17 017 596
MINORITY INTEREST.....	606 105
Net income for the year.....	\$ 16 411 491

STATEMENT OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1955 (EARNED SURPLUS)

BALANCE DECEMBER 31, 1954.....	\$ 37 822 562
NET INCOME FOR THE YEAR.....	16 411 491
	\$ 54 234 053
CASH DIVIDENDS:	
Preferred stock.....	\$ 337 008
Common stock.....	7 487 355
	\$ 7 824 363
BALANCE DECEMBER 31, 1955 (see note).....	\$ 46 409 690

NOTE: The notes to the accompanying statements excluding The Mengel Company are also applicable to these statements. Other investments include \$125,000 invested in common stock of United States Plywood Corporation, for which the quoted market at December 31, 1955, was \$3,450,750. The statement of consolidated income reflects eliminations of intercompany sales and other intercompany transactions. The 1955 Annual Report of The Mengel Company will be made available to interested shareholders upon request.

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET - CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheets of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries prepared on the basis of (a) excluding from consolidation, and (b) including in consolidation The Mengel Company and its subsidiaries as of December 31, 1955, and the related statements of income, shareholders' investment in excess of par value, and earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of The Mengel Company and its subsidiaries were not examined by us but we were furnished with a report thereon by other public accountants.

In our opinion, based upon our examination and the report of other public accountants referred to above, the accompanying consolidated financial statements, excluding and including The Mengel Company in consolidation, present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1955, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois,
February 3, 1956.

ARTHUR ANDERSEN & CO.

RAW MATERIALS

PROCESSING

MILLS



PULP WOOD FROM THE FORESTS

WASTE PAPER FROM THE CITIES



FERNANDINA

BALTIMORE

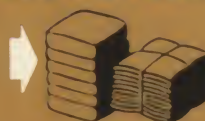
CHICAGO

DETROIT

KALAMAZOO

PHILADELPHIA

PULP AND PAPERSTOCK



CHATTANOOGA

CHICAGO—OGDEN

CHICAGO—LAKE SHORE

CINCINNATI

FERNANDINA

LOS ANGELES

PHILADELPHIA

TACOMA

WABASH

WILMINGTON

CARTHAGE

CIRCLEVILLE

NOBLESVILLE

STRAW FROM THE FARMS



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS

FACTORIES *

PRODUCTS

USES



PAPERBOARD



Ammunition	Household Goods
Automotive Parts	Linens and Towels
Bakery Goods	Liquor and Wine
Beer	Machines and Parts
Boots and Shoes	Matches
Building Materials	Meat Products
Canned Foods	Paint and Varnish
Caps and Closures	Paper Products
Cereal Products	Personal Accessories
Chemicals	Petroleum Products
China & Pottery	Pharmaceuticals
Clothing	Publishers, Printers
Coffee, Tea, Cocoa	Radio Products
Confectionery	Rubber Goods
Cosmetics	Soaps and Cleansers
Dairy Products	Soft Drinks
Dehydrated Foods	Spices
Explosives	Sporting Goods
Electrical Products	Sugar and Salt
Frozen Foods	Textiles
Fruits and Vegetables	Tobacco Products
Furniture	Tools
Glass Products	Toys and Games
Hardware	Vegetable Products

AND FACTORIES OF CONTAINER CORPORATION OF AMERICA

* The number of chimneys on the factory symbols indicates the products manufactured in them:

I—fibre cans	III—shipping containers	IIII—shipping containers and fibre cans	IIIIII—flexible packaging from purchased raw materials.
II—folding cartons	IIII—folding cartons and shipping containers		

CONTAINER CORPORATION OF AMERICA AND

YEAR-END BALANCE SHEETS FOR TWELVE YEAR PERIOD ENDED

ASSETS

	1955	1954	1953	1952	1951
Cash and U. S. Government securities.....	\$ 16 855 465	\$ 10 778 656	\$ 15 796 013	\$ 15 200 591	\$ 10 268 094
Receivables, less reserves.....	10 863 727	8 941 532	7 503 418	8 619 054	8 559 391
Inventories.....	17 344 803	13 790 287	10 261 548	12 100 069	11 688 373
Total current assets.....	\$ 45 063 995	\$ 33 510 475	\$ 33 560 979	\$ 35 919 714	\$ 30 515 858
Cash and U. S. Government securities set aside for additions and improvements.....	25 000 000	1 318 239	5 514 683	428 552	3 007 331
Postwar excess profits tax refund...	—	—	—	—	—
Investments and advances.....	18 920 972	11 789 380	2 565 548	1 715 726	1 661 084
Land and timberland.....	5 609 234	5 636 888	4 420 563	4 350 340	4 605 894
Buildings, machinery and equipment.....	92 198 542	85 637 663	77 883 526	74 917 962	69 663 809
Reserves for depreciation.....	46 126 322	42 181 270	38 385 114	35 254 114	31 781 821
Deferred charges.....	3 152 723	2 621 104	1 880 217	2 712 523	1 754 186
Goodwill and patents.....	1	1	1	1	1
	<u>\$ 143 819 145</u>	<u>\$ 98 332 480</u>	<u>\$ 87 440 403</u>	<u>\$ 84 790 704</u>	<u>\$ 79 426 342</u>

LIABILITIES

Accounts payable.....	\$ 2 730 055	\$ 2 389 886	\$ 1 350 227	\$ 2 016 989	\$ 1 580 387
Accrued liabilities.....	6 836 892	6 010 055	3 975 411	4 716 491	4 236 232
Provision for Federal taxes on income.....	—*	—*	—*	—*	—*
Sinking fund payments due within a year.....	519 883	550 333	374 535	337 995	55 825
Total current liabilities.....	\$ 10 086 830	\$ 8 950 274	\$ 5 700 173	\$ 7 071 475	\$ 5 872 444
3.3% Debentures, due July 1, 1980..	35 000 000	—	—	—	—
Reserve for contingencies.....	—	—	—	—	—
Capital:					
Preferred stock.....	8 500 000	8 800 000	9 100 000	9 400 000	9 400 000
Common stock.....	25 224 510	24 957 850	19 809 480	19 809 480	19 809 480
Investment in excess of par value.	19 913 890	18 409 927	3 829 851	3 829 851	3 829 851
Earnings retained.....	45 701 598	37 822 562	49 606 434	45 284 893	40 815 392
Sinking fund for retirement of preferred stock.....	607 683	608 133	605 535	604 995	300 825
	<u>\$ 143 819 145</u>	<u>\$ 98 332 480</u>	<u>\$ 87 440 403</u>	<u>\$ 84 790 704</u>	<u>\$ 79 426 342</u>
*Provision for Federal taxes on income...	\$ 17 238 353	\$ 16 935 190	\$ 21 086 718	\$ 22 435 957	\$ 27 090 251
Less U. S. Government Securities.....	17 238 353	16 935 190	21 086 718	22 435 957	27 090 251

Shareholders' investment.....	\$ 98 732 315	\$ 89 382 206	\$ 81 740 230	\$ 77 719 229	\$ 73 553 898
Investment per common share.....	\$ 36.01	\$ 32.53	\$ 29.58	\$ 27.83	\$ 26.03
Working capital.....	\$ 34 977 165	\$ 24 560 201	\$ 27 860 806	\$ 28 848 239	\$ 24 643 414
Current ratio.....	4.47 to 1	3.74 to 1	5.89 to 1	5.08 to 1	5.20 to 1

SUBSIDIARIES CONSOLIDATED

DECEMBER 31, 1955

1950	1949	1948	1947	1946	1945	1944
\$ 7 456 055	\$ 13 085 746	\$ 9 758 037	\$ 7 281 531	\$ 6 050 656	\$ 5 612 054	\$ 2 977 153
9 733 435	4 709 071	4 918 005	6 180 152	5 115 371	3 081 785	2 809 884
11 924 620	7 334 972	8 630 364	9 270 857	6 136 154	4 529 376	3 737 137
\$ 29 114 110	\$ 25 129 789	\$ 23 306 406	\$ 22 732 540	\$ 17 302 181	\$ 13 223 215	\$ 9 524 174
3 500 000	4 000 000	4 350 000	6 000 000	4 000 000	—	—
—	—	—	—	—	—	1 720 834
1 286 187	1 031 307	1 273 932	1 317 990	1 596 964	1 324 789	864 472
4 598 890	4 127 968	4 050 794	3 827 846	3 717 904	3 549 668	3 551 231
63 186 670	57 704 750	52 725 650	45 853 731	34 758 138	29 122 070	27 867 623
28 681 919	26 017 667	23 728 028	21 885 495	19 284 987	17 173 036	15 918 586
1 121 376	1 036 349	1 188 846	786 845	803 285	482 755	508 991
1	1	1	1	1	1	1
\$ 74 125 315	\$ 67 012 497	\$ 63 167 601	\$ 58 633 458	\$ 42 893 486	\$ 30 529 462	\$ 28 118 740

\$ 3 060 885	\$ 1 811 759	\$ 1 910 061	\$ 3 019 510	\$ 2 037 779	\$ 2 309 871	\$ 1 462 096
3 135 403	2 405 818	2 647 878	2 470 144	2 184 104	1 835 630	1 426 907
— *	— *	— *	— *	— *	— *	— *
323 785	106 575	—	—	—	—	—
\$ 6 520 073	\$ 4 324 152	\$ 4 557 939	\$ 5 489 654	\$ 4 221 883	\$ 4 145 501	\$ 2 889 003
—	—	—	—	—	—	—
—	955 190	1 110 522	1 110 522	2 000 000	1 400 000	1 100 000
10 000 000	10 000 000	10 000 000	10 000 000	—	—	—
19 809 480	19 809 480	19 809 480	19 809 480	19 809 480	15 625 060	15 625 060
3 829 851	3 829 851	3 829 851	3 829 851	3 829 851	671 494	671 494
34 563 052	28 384 753	23 962 511	18 393 951	13 032 272	8 687 407	7 833 183
597 141	290 929	102 702	—	—	—	—
\$ 74 125 315	\$ 67 012 497	\$ 63 167 601	\$ 58 633 458	\$ 42 893 486	\$ 30 529 462	\$ 28 118 740
\$ 12 585 392	\$ 7 141 293	\$ 7 596 493	\$ 7 835 425	\$ 7 266 403	\$ 8 080 442	\$ 9 896 997
12 585 392	7 141 293	7 596 493	7 835 425	7 266 403	8 080 442	9 896 997

\$ 67 605 242	\$ 61 733 155	\$ 57 499 140	\$ 52 033 282	\$ 36 671 603	\$ 24 983 961	\$ 24 129 737
\$ 23.50	\$ 21.02	\$ 19.22	\$ 16.98	\$ 14.81	\$ 12.79	\$ 12.35
\$ 22 594 037	\$ 20 805 637	\$ 18 748 467	\$ 17 242 886	\$ 13 080 298	\$ 9 077 714	\$ 6 635 171
4.47 to 1	5.81 to 1	5.11 to 1	4.14 to 1	4.10 to 1	3.19 to 1	3.30 to 1

CONTAINER CORPORATION OF AMERICA AND

INCOME STATEMENTS FOR TWELVE YEAR PERIOD ENDED

	1955	1954	1953	1952	1951
Sales.....	\$ 215 554 921	\$ 186 595 052	\$ 187 552 652	\$ 178 408 152	\$ 212 562 019
Cost of Sales.....	168 812 245	145 808 593	147 939 847	137 282 965	165 327 034
Gross earnings.....	\$ 46 742 676	\$ 40 786 459	\$ 39 612 805	\$ 41 125 187	\$ 47 234 985
Selling, administrative, and general expenses.....	15 346 286	12 919 120	12 252 693	11 632 175	10 901 566
Earnings from operations.....	\$ 31 396 390	\$ 27 867 339	\$ 27 360 112	\$ 29 493 012	\$ 36 333 419
Other income and <i>deductions</i> , net...	1 277 009	1 136 893	812 836	889 936	782 578
Earnings before Federal taxes on income.....	\$ 32 673 399	\$ 29 004 232	\$ 28 172 948	\$ 30 382 948	\$ 37 115 997
Provision for Federal taxes on income	16 970 000	15 400 000	18 045 000	20 100 000	25 050 000
Net earnings for the year.....	\$ 15 703 399	\$ 13 604 232	\$ 10 127 948	\$ 10 282 948	\$ 12 065 997
Provisions for contingencies reserve..	—	—	—	—	—
Balance to earnings retained.....	\$ 15 703 399	\$ 13 604 232	\$ 10 127 948	\$ 10 282 948	\$ 12 065 997
Depreciation provided.....	\$ 4 629 329	\$ 4 109 753	\$ 3 930 557	\$ 3 668 041	\$ 3 543 809
Earnings per share:					
Preferred stock.....	\$ 186.67	\$ 155.62	\$ 114.19	\$ 112.59	\$ 131.80
Common stock.....	\$ 6.09	\$ 5.31	\$ 3.94	\$ 4.01	\$ 4.73

RECORD OF DIVIDENDS FOR TWELVE YEAR PERIOD ENDED

Dividends:					
Preferred stock.....	\$ 337 008	\$ 349 235	\$ 358 800	\$ 365 840	\$ 366 050
Common stock.....	7 487 355	6 219 863	5 447 607	5 447 607	5 447 607
Total dividends.....	\$ 7 824 363	\$ 6 569 098	\$ 5 806 407	\$ 5 813 447	\$ 5 813 657
Dividends per share:					
Preferred stock.....	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Common stock.....	\$ 3.00	\$ 2.50	\$ 2.20	\$ 2.20	\$ 2.20

SUBSIDIARIES CONSOLIDATED

DECEMBER 31, 1955

1950	1949	1948	1947	1946	1945	1944	TOTAL
\$ 154 841 198	\$ 114 770 627	\$ 131 056 327	\$ 128 345 675	\$ 91 090 286	\$ 74 138 191	\$ 69 641 096	\$ 1 744 556 196
123 873 851	92 476 947	106 716 349	104 191 521	72 739 754	61 025 454	55 311 764	1 381 506 324
\$ 30 967 347	\$ 22 293 680	\$ 24 339 978	\$ 24 154 154	\$ 18 350 532	\$ 13 112 737	\$ 14 329 332	\$ 363 049 872
8 922 520	7 936 829	7 585 901	6 872 580	5 317 302	4 496 451	4 025 746	108 209 169
\$ 22 044 827	\$ 14 356 851	\$ 16 754 077	\$ 17 281 574	\$ 13 033 230	\$ 8 616 286	\$ 10 303 586	\$ 254 840 703
651 799	395 477	236 516	307 971	102 331	399 817	209 613	6 586 834
\$ 22 696 626	\$ 14 752 328	\$ 16 990 593	\$ 16 973 603	\$ 13 135 561	\$ 9 016 103	\$ 10 513 199	\$ 261 427 537
10 680 000	5 975 000	6 566 000	6 700 000	5 370 000	6 690 000	7 850 000	145 396 000
\$ 12 016 626	\$ 8 777 328	\$ 10 424 593	\$ 10 273 603	\$ 7 765 561	\$ 2 326 103	\$ 2 663 199	\$ 116 031 537
—	—	—	—	600 000	300 000	600 000	1 500 000
\$ 12 016 626	\$ 8 777 328	\$ 10 424 593	\$ 10 273 603	\$ 7 165 561	\$ 2 026 103	\$ 2 063 199	\$ 114 531 537
\$ 3 045 298	\$ 2 731 924	\$ 2 507 074	\$ 1 756 156	\$ 1 513 169	\$ 1 435 464	\$ 1 481 306	\$ 34 351 880
\$123.64	\$ 89.52	\$105.41	\$102.74	—	—	—	
\$ 4.70	\$ 3.38	\$ 4.05	\$ 4.04	\$ 2.90	\$ 1.04	\$ 1.06	

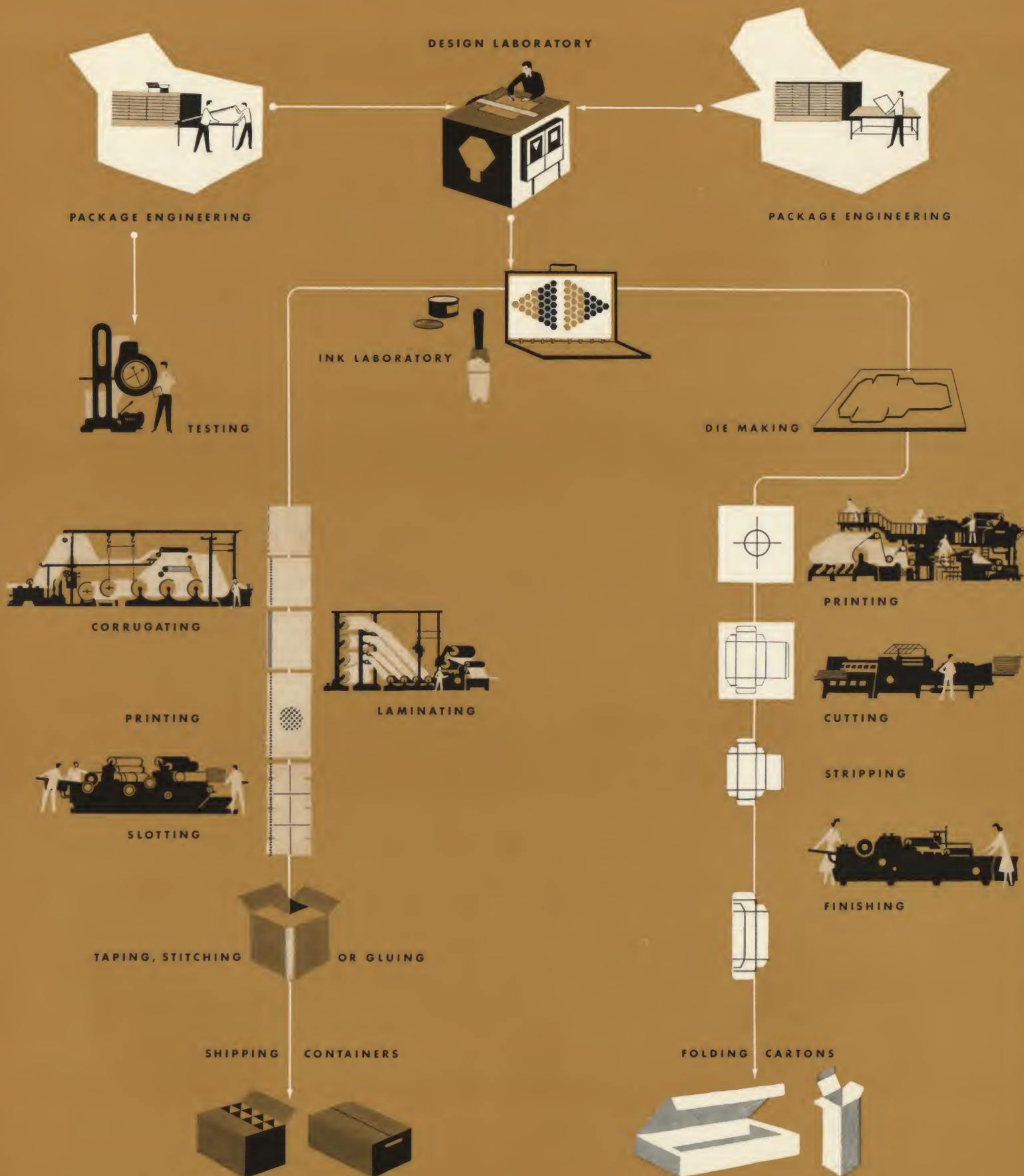
DECEMBER 31, 1955

\$ 390 720	\$ 393 190	\$ 398 900	\$ 344 000	\$ 4 664*	—	—	\$ 3 308 407
5 447 607	3 961 896	4 457 133	4 457 133	3 218 247	\$ 1 171 879	\$ 1 171 879	53 935 813
\$ 5 838 327	\$ 4 355 086	\$ 4 856 033	\$ 4 801 133	\$ 3 222 911	\$ 1 171 879	\$ 1 171 879	\$ 57 244 220
\$ 4.00	\$ 4.00	\$ 4.00	\$ 3.44	—	—	—	
\$ 2.20	\$ 1.60	\$ 1.80	\$ 1.80	\$ 1.36	\$.60	\$.60	

*Paid on preferred stock issues of subsidiary companies. Such issues were retired in 1946.

MAKING SHIPPING CONTAINERS

MAKING FOLDING CARTONS





Mills and factories of the Company are strategically located with respect to the industries they serve.

Printed in the U. S. A.
R. R. DONNELLEY & SONS COMPANY
Chicago 16, Illinois